

VZCZCXYZ0000  
OO RUEHWEB

DE RUEHBU #1809/01 2231953  
ZNR UUUUU ZZH  
O 111953Z AUG 06  
FM AMEMBASSY BUENOS AIRES  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5532  
INFO RHMFISS/CDR USSOCOM MACDILL AFB FL//SCJ2//  
RULGPIA/USCOMSOLANT

UNCLAS BUENOS AIRES 001809

SIPDIS

STATE FOR INR/R/MR, I/GWHA, WHA, WHA/PDA, WHA/BSC,  
WHA/EPSC  
CDR USSOCOM FOR J-2 IAD/LAMA

SIPDIS

E.O. 12958: N/A

TAGS: [KPAO](#) [OPRC](#) [KMDR](#) [PREL](#) [MEDIA](#) [REACTION](#)

SUBJECT: MIDDLE EAST; US CHARGE MICHAEL MATERA'S STATEMENTS IN  
BUENOS AIRES ABOUT VENEZUELA AND ARGENTINA; US-ARGENTINE TIES; CUBA;  
US-URUGUAYAN FTA; IMF-ARGENTINA; GSP REVIEW; BOLIVIA; 08/10/06

## 1. SUMMARY STATEMENT

Today's most important international stories include the situation in the Middle East and the status of the US-French draft resolution; US Charge Matera's comments on Venezuela and Argentina during a seminar on US history in Buenos Aires; the status of US-Argentine ties; the Cuban political transition; the likelihood of an FTA between the US and Uruguay; the IMF review of Argentina's economy; the reaction of the US to President Kirchner's statements on GSP review; and the promise of a national pact in Bolivia.

## 2. OPINION PIECES AND KEY STORIES

- "Failure of the 'New Middle East'"

Marcelo Cantelmi, international editor of leading "Clarín" on special assignment in Jerusalem, writes (08/10) "Almost one month after the war started, it is possible to predict that Condoleezza Rice's announcement that everything is ready to build a 'New Middle East' perhaps will be fulfilled but not exactly as she thinks.

"... The decision to raise the military stakes in Lebanon may bring Israel to a dangerous situation, just like that in which the US finds itself. The possibility of negotiations at the beginning of the conflict was aborted by the White House, which expected a fast Israeli victory...."

"The face of a 'New Middle East' may be appearing but what it reveals, as pointed out by the prestigious magazine 'Atlantic Monthly,' is the collapse of the war on terror along the lines of the Bush administration's dogmatic-style war.

"The real bet to break up this jigsaw puzzle should be intense diplomatic and humanitarian activity, and the definitive end of the military occupation in Iraq, as well as in the territories - the Golan Heights, in Syria, or Chebaa, in Lebanon. It may not be the only possible fate for the region, but it may be the only one that is feasible."

- - "According to the US, the idea that Venezuela could enter the UN Security Council is 'imprudent and nonsensical'"

Natasha Niebieskikwiat, political columnist of leading "Clarín," comments (08/10) "The Charge at the US Embassy, Michael Matera, pointed out that 'having Venezuela as a non-permanent member of the UN Security Council is "imprudent and nonsensical." Matera will lead the diplomatic mission until the new US Ambassador to Argentina, Earl Anthony Wayne, arrives in Buenos Aires.

"According to Matera, the US has consulted on this issue with the

Argentine Government and 'governments around the world.' The US diplomat gave a talk at a seminar on US history organized by the Fulbright Commission and San Andres University. He also answered questions from the journalists and professors attending the seminar.

"Matera's statement acquires importance in the framework of Mercosur's support for President Hugo Chavez's aspirations to become a non-permanent member of the UN Security Council in 2007-08.

"Having press guidance on this week's news, the US diplomat also termed as 'erroneous' the claim that the GSP review will imply sanctions against Argentina and other countries for not coming to terms with the US on trade issues.

"... Matera said that Argentina's economic recovery 'is very good news for all' and that Washington supported the country in its debt negotiations with the IMF.

"When Matera was asked to give his opinion on President Kirchner's statements that the country no longer has 'carnal relations' with the US, Matera said that the US respects Argentina 'as a sovereign country.'"

- "The White House does not respond to Kirchner"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," writes (08/10) "Merged in 'hot situations' in the Middle East and Latin America, silence was the only official response of the USG to President Kirchner's statements about the possible reduction or loss of preferential tariff rates for Argentine imports accessing US markets...."

"... The Bush administration is focused on the Venezuelan president, particularly due to his attempt to enter the UN Security Council in replacement of Argentina...

"... A spokesperson of the US Department of State told 'La Nacion' that no authorized voice would respond to Kirchner's statements...

"Argentine Ambassador to the US, Jose Octavio Bordon, dismissed that the announcement could be interpreted as a political 'sanction' against Argentina. However, according to a Southern Cone diplomat, 'the tariff exemption is political and discretionary. It would not surprise me if it is part of a broader tradeoffs game, for example for the vote at the UN Security Council.'

"US Assistant Secretary for Latin America, Tom Shannon, has used public silence as a strategy since he took over, in contrast to Roger Noriega, his predecessor. According to a high-ranking USG official, Argentina is 'an important challenge,' which fluctuates between close countries (Chile, Brazil, Colombia, Mexico) and opposed countries (Cuba, Venezuela, Bolivia), but, according to a Democratic strategist for the region, it is no longer considered a referring country."

- "A test for the Argentine government at the Council of the Americas"

Mariano Obarrio, political columnist of daily-of-record "La Nacion," writes (08/10) "The Kirchner administration will have today a crucial commitment to the US-Argentine bilateral relationship because three of its main ministers will lecture at the Council of the Americas business forum. All eyes will be placed on the tenor of their speeches.

"...US-Argentine bilateral ties have cooled down following Kirchner's harsh criticism of the USG and Kirchner's closeness to the Venezuela of Hugo Chavez and the Bolivia of Evo Morales.

"Meanwhile, three weeks ago, US Assistant Secretary for Latin America, Tom Shannon, suspended his trip to Argentina to participate in this forum, and Kirchner refrained from attending the presidential inaugurations in Peru and Colombia, two US allies.

"... The Council will not make political statements. It praised

Argentine economic growth, and political affairs will be turned over to the future US Ambassador to Argentina, Earl Anthony Wayne, who will take over in November.

"Regarding the GSP review, US businessmen believe 'it is not retaliation against Argentina' but measures that are aimed at privileging and granting larger preferential tariff rates to those countries that supported WTO negotiations like Chile, Uruguay, Peru and Colombia."

- "South America should help Cuba"

Leading "Clarín" carries an op-ed piece by Juan Gabriel Tokatlían, professor of international relations at Universidad San Andrés, who opines (08/10) "Regardless of how Fidel Castro's situation turns out..., it is obvious that Cuba's political transition has started. This fact is inevitable even if the governmental system adopted is the concentration of power in the hands of Raul Castro, a collective scheme, or Fidel's return to the government.

"It is also obvious that transition will not necessarily have to be turbulent..."

"Today, Venezuela and its oil have become the equivalent of what used to be the Soviet Union's decisive support during the Cold War... The State of Florida has lost voice in US foreign policy on Cuba, and Washington cannot afford another international fiasco such as those in the Levante, the Persian Gulf and the Korean Peninsula.

"In brief, we are witnessing a potential transformation of the regime rather than its inevitable abrupt end.

"It is not advisable that the Cuban issue is solved by the use of force or through an aggressive US role, which could trigger chaos on the island and unpredictable consequences for Latin America and the US..."

"In this framework, South America's role could be crucial and positive. The future of Cuba is in the hands of Cubans and it may have an important contribution from South America, particularly the Southern Cone countries.

"An ABC (Argentina, Brazil and Chile) axis could be developed... This is, three non-radical, self-proclaimed progressive governments could start deploying a sober and discreet diplomacy aimed at preventing the main leaders of this transition from adopting

extremist positions. This diplomacy could also serve to open communication channels between the government and legitimate and sensible opponents and to avoid a polarization that could be induced from overseas."

- "Uruguay makes progress on an FTA with the US (and distances itself from Mercosur)"

Business-financial "Ambito Financiero" reports (08/10) "Uruguayan President Tabaré Vázquez pointed out that he is on the verge of starting negotiations for an FTA with the US. But he made a comment on it 'this does not necessarily imply Uruguay's departure from Mercosur.' In this regard, he called the two main partners of the bloc to discuss an institutional way to make this possible.

"During a conference entitled 'Uruguay in the global economy,' which was organized by the Americas Society and the Council of the Americas, Vázquez said 'our country has a commitment and a mandate to regional integration. However, Mercosur's status and outcome are unsatisfactory and worrisome.'

"Vázquez said in front of DUSTR Everett Eissenstat 'that one who believes that commercial relations have to do with ideology is wrong.' Eissenstat remarked that 'ties between the US and Uruguay could not be better than they currently are.'"

- "'Mercosur was not created to oppose the FTAA"

Business-financial "Ambito Financiero" reports (08/f10) "Former Brazilian President Fernando Henrique Cardoso said that Mercosur 'has

become more political and less integrationist.' He also questioned its anti-FTAA stance.

"'This was neither Mercosur's primary idea nor the opinion I have. It was not conceived as an anti-FTAA institution but as a way of organization to hold better negotiations with the US and Europe.' In this way, the former president expressed his fear that the over-politicization of the bloc could lessen its true essence."

- "IMF praises the Argentine recovery, but it criticizes the dollar value and exchange rates"

Ana Baron, Washington-based correspondent for leading "Clarín," comments (08/10) "Washington's praise for Argentina's economic recovery is usually accompanied nowadays by criticism of the Argentine Government's anti-inflation policy and warnings about the need for lowering public expenditure, raising interest rates and making the exchange rate more flexible. The IMF report reviewing the Argentine situation has not been an exception to this rule."

"... While some IMF directors supported price control accords in the short run, most of them said that they had to be dismantled as soon as possible."

### 13. EDITORIALS

- "A foreign view"

Conservative "La Prensa" editorializes (08/10) "The Argentine government bluntly rejected the possibility that the US will push commercial sanctions for not coming to terms on the FTAA and WTO negotiations."

"Vis-à-vis an eventual USG decision, the Argentine President bluntly defended the position of the country on foreign trade and he maintained that Argentina no longer has carnal relations with anyone and will not subject its own policies to any foreign decision..."

"It is not the first time the Argentine president clearly pointed out what the country's position is vis-à-vis the decisions to be made by powerful nations and multilateral lending agencies such as the IMF. Frictions have occurred at different moments of Argentine diplomatic relations with the Bush administration."

"... Shortly after the president's statements, the US Embassy downplayed the tariff review by releasing a communiqué from USTR. It made clear that the issue will be debated on Capitol Hill and that GSP preferential tariff rates will likely be approved again, thereby downplaying the issue."

- "Bolivia redefines its national pact"

Leading "Clarín" editorializes (08/10) "The Constituting Assembly inaugurated in Bolivia is a historic milestone and a complex challenge adding up old social claims, confronted regional interests, conflicts with foreign investors and problems of

governance."

"Evo Morales took power by promising a new national pact based on new social and political representation. In the past, Bolivia was ruled by elites while its majority indigenous population was excluded from filling the highest positions in government."

"... The arrival of indigenous and farm leaders to the government has allowed it to have broader political representation, and, therefore, larger legitimacy. The Constituting Assembly should now complement this change with large consensus among the different political sectors."

"... The Government and political forces should now also bear in mind the important role played by Bolivian energy resources and should find a way to make progress on harmonious regional integration."

To see more Buenos Aires reporting, visit our classified website at:

<http://www.state.sgov.gov/p/wha/buenosaires>

MATERA